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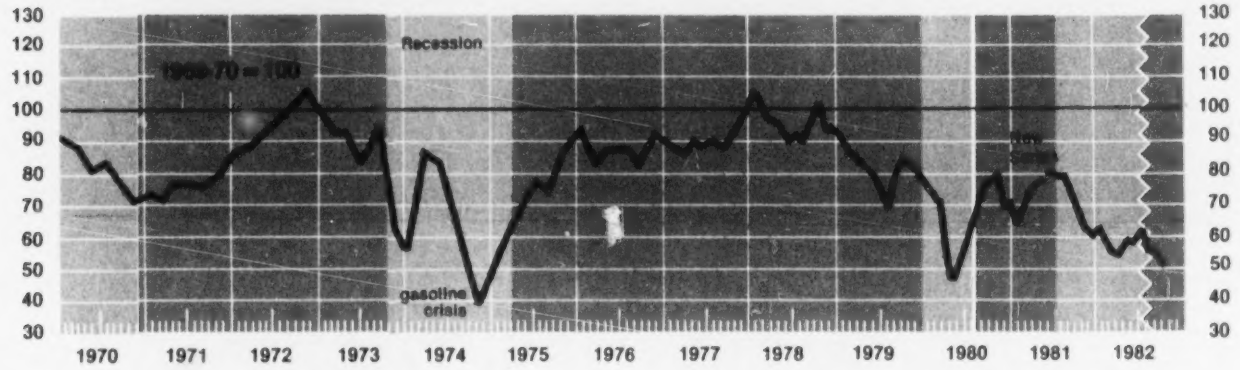
Consumer Attitudes and Buying Plans

A Monthly Report from The Conference Board
Based on a Survey Conducted by National Family Opinion, Inc.

Consumer Confidence Index

November, 1982



CONSUMERS' SPIRITS SAG PLANS TO PURCHASE PLUNGE

The latest message from the consumer is disappointing. The Board's Confidence Index (1969-1970 = 100) fell in October to 49.2, a loss of more than 5 points. This series is now at about the same level as the low registered during the 1980 recession. Consumers continue to express considerable concern about the present situation, and they have also become increasingly pessimistic in their expectations for the months ahead. Buying plans are down quite sharply.

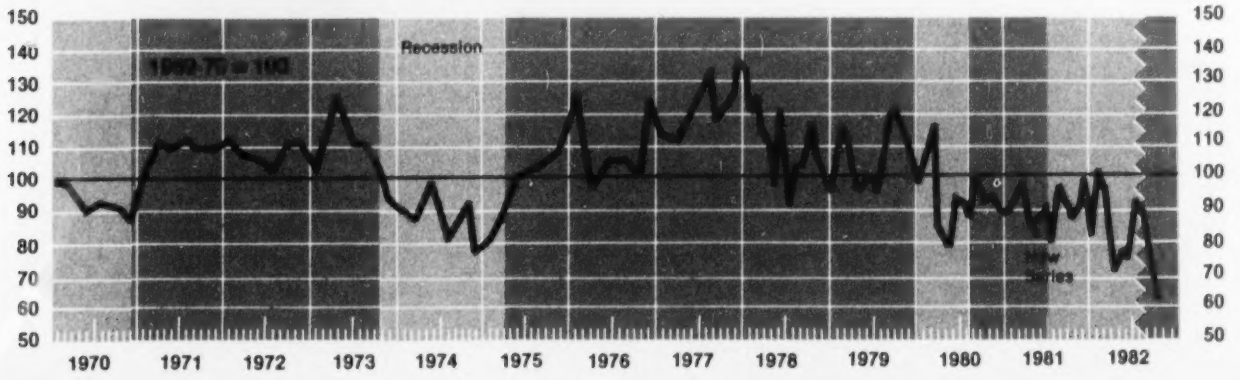
In assessing the current scene, well above half of all those contacted believe that business conditions are "bad"; three out of every five complain that jobs are hard to come by. In anticipating developments over the next six months, more people than last month expect business conditions to worsen, and more also fear that jobs will grow scarcer. These developments are particularly disconcerting since consumer expectations have proven to be a reliable leading economic indicator.

Consumer confidence, which had been improving during the spring and early summer months, dropped sharply in August, leveled off in September, but lost considerable ground in October. This pattern parallels the flow of recently less-than-reassuring economic news.

The principal concern of consumers is unemployment. More than half anticipate that there will be no immediate change in the present depressed employment situation, while a substantial number fear that jobs will grow scarcer in the months ahead. In assessing the growing prevalence of consumer pessimism, it should be noted that the unemployment rate has been running high now for some two years. It is estimated that, over the past twelve months, over a fifth of all wage earners experienced at least one episode of unemployment—on average for a stint of four months. With few signs or expectations of an immediate improvement in the job outlook, the continued ebb in consumer confidence is hardly surprising.

Fabian Linden

Buying Plans Index



All data seasonally adjusted

Consumer Expectations and Intentions

Based on surveys conducted by National Family Opinion, Inc.
Percentage of all households

All series seasonally adjusted	1981 Oct.	1981 Nov.	1981 Dec.	1982 Jan.	1982 Feb.	1982 Mar.	1982 Apr.	1982 May	1982 June	1982 July	1982 Aug.	1982 Sept.(r)	1982 Oct.(p)
Composite Series: Index Numbers, 1969-1970 = 100													
Consumer Confidence Index	67.4	61.6	59.4	62.1	58.1	53.3	54.0	58.3	57.1	61.6	53.7	54.4	49.2
Present Situation	48.0	41.1	34.4	32.1	30.0	25.5	21.0	23.5	19.1	20.9	18.2	13.4	13.7
Expectations	80.3	75.2	76.1	82.0	76.9	71.8	76.0	81.6	82.4	88.*	77.3	81.8	72.9
Buying Plans Index	86.2	89.8	99.2	81.3	100.9	94.8	70.3	74.9	73.9	92.0	89.0	75.3	61.5
Appraisal of Present Situation: Percent													
Business Conditions													
Good	16.7	14.2	13.0	12.4	12.0	9.9	9.7	10.6	9.4	10.7	8.8	6.7	6.6
Bad	31.7	35.2	39.5	41.1	45.6	47.3	53.6	47.6	50.2	49.7	50.6	55.2	55.6
Normal	51.6	50.6	47.5	46.5	42.4	42.8	36.7	41.8	40.4	39.6	40.6	38.1	37.8
Employment													
Jobs plentiful	11.6	10.8	8.9	8.4	8.7	7.7	6.0	5.8	4.4	4.6	4.4	3.3	3.7
Jobs not so plentiful	48.1	45.7	44.3	43.4	40.5	40.1	36.9	41.3	39.7	38.8	37.7	36.4	35.5
Jobs hard to get	40.3	43.5	46.8	48.2	50.8	52.2	57.1	52.9	55.9	56.6	57.9	60.3	60.8
Expectations for Six Months Hence: Perce													
Business Conditions													
Better	19.6	19.3	21.5	23.8	21.9	20.6	22.1	23.4	22.4	25.3	21.5	26.0	21.2
Worse	18.5	20.2	23.9	19.9	22.9	22.6	19.3	18.0	18.3	16.9	21.3	19.3	21.7
Same	61.9	60.5	54.6	56.3	55.2	56.8	58.6	58.6	59.3	57.8	57.2	54.7	57.1
Employment													
More jobs	15.4	13.9	16.7	17.7	16.5	15.9	16.7	18.1	19.6	21.0	17.1	20.8	17.3
Fewer jobs	26.9	29.6	31.4	28.1	30.9	33.3	28.3	26.8	25.1	24.6	29.5	27.6	30.1
Same	57.7	56.5	51.9	54.2	52.6	50.8	55.0	55.1	55.3	54.4	53.4	51.6	52.6
Income													
Increase	33.4	29.8	31.4	31.3	29.9	25.8	22.1	24.5	23.0	27.3	26.9	22.8	21.7
Decrease	9.4	9.5	10.3	10.3	9.8	12.1	12.3	11.0	11.0	9.8	10.6	12.5	13.2
Same	57.2	60.7	58.3	58.4	60.3	62.1	65.6	64.5	66.0	62.9	62.5	64.7	65.1
Plans to Buy Within Six Months: Percent													
Automobile													
Yes	6.6	6.9	7.3	6.4	7.8	7.4	5.0	5.8	6.1	7.2	6.6	5.7	4.7
New	3.6	3.7	3.7	3.4	3.9	3.8	2.5	2.7	3.2	3.6	3.7	3.0	2.8
Used	2.7	2.6	2.9	2.9	3.5	3.1	2.2	2.7	2.6	3.0	2.6	2.1	1.9
Uncertain	0.3	0.6	0.7	0.1	0.4	0.5	0.3	0.4	0.3	0.6	0.3	0.6	0.0
Home													
Yes	2.3	2.4	2.7	2.0	3.2	3.0	2.1	2.0	1.8	2.6	2.2	1.8	1.5
New	0.6	0.4	0.6	0.4	0.6	0.6	0.3	0.5	0.3	0.5	0.3	0.3	0.4
Lived in	1.1	1.3	1.2	1.1	2.0	1.5	1.4	1.1	1.0	1.2	1.2	0.9	0.8
Uncertain	0.6	0.7	0.9	0.5	0.6	0.9	0.4	0.4	0.5	0.9	0.7	0.6	0.3
Major appliances													
Total plans	27.8	27.1	32.7	26.1	28.9	27.6	22.7	23.9	22.9	27.3	29.9	23.8	19.8
Refrigerator	3.9	3.2	4.0	3.9	3.5	3.6	2.9	3.1	2.8	3.2	3.8	3.3	2.8
Washing machine	3.5	3.7	4.1	3.6	4.2	3.7	2.9	3.6	2.9	3.8	3.6	3.3	2.7
Black and white TV	1.4	1.2	1.4	1.2	1.4	1.3	1.0	0.8	0.8	0.8	1.0	0.9	0.8
Color TV	7.0	7.1	8.5	6.4	7.2	7.0	5.8	5.6	6.4	7.3	7.8	6.1	5.7
Vacuum cleaner	5.0	5.7	5.7	4.6	5.5	4.9	4.0	4.3	4.0	5.8	6.2	4.2	3.2
Range	2.5	2.3	3.0	2.2	2.3	2.3	2.1	2.2	2.1	1.9	2.7	2.1	1.6
Clothes dryer	3.0	2.8	3.6	2.7	3.4	3.3	2.6	2.9	2.6	3.2	3.0	2.6	2.0
Air conditioner	1.5	1.1	2.4	1.5	1.4	1.5	1.4	1.4	1.3	1.3	1.8	1.3	1.0
Carpet	7.1	8.3	9.3	7.3	7.1	6.8	6.0	6.1	6.3	8.0	9.2	7.5	6.2
Vacation Intended Within Six Months: Percent													
Vacation Intended	48.9		50.0		48.9		44.9		44.8		52.2		43.0
Destination													
Home state	11.9		11.0		10.2		9.1		10.1		10.7		9.1
Other states	33.4		34.7		34.1		32.4		30.7		36.9		29.8
Foreign country	5.2		5.7		6.2		4.8		4.6		6.2		4.6
Means of Travel													
Automobile	32.7		33.2		32.7		29.7		31.7		34.6		28.3
Airplane	15.4		16.4		16.5		14.8		12.8		17.5		13.3
Other	3.8		3.5		3.4		4.4		3.3		4.2		3.6

All 1981 data have been adjusted to reflect that year's revised seasonal factors.

New Series: Beginning May, 1981 the NFO sample includes all types of households, prior to that families only. To link results overlapping surveys were conducted for four months commencing with May. Data are available on request. (p)—preliminary (r)—revised

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R4105-4B

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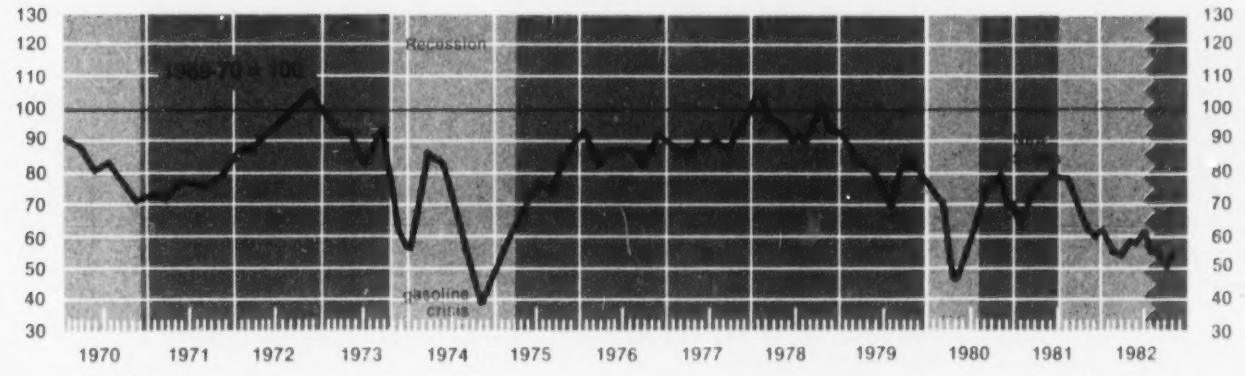


Confidence and Spending Plans Stronger

Consumers are somewhat more optimistic and more disposed to spend. The Board's Confidence Index (1969-1970 = 100) registered 54.7 in November for a gain of some five points. The measure of consumer spending rose to 79.4, a gain of almost 13 points. These are the first encouraging signs from the consumer in some four months. However, confidence and plans to buy both remain below the levels registered in July.

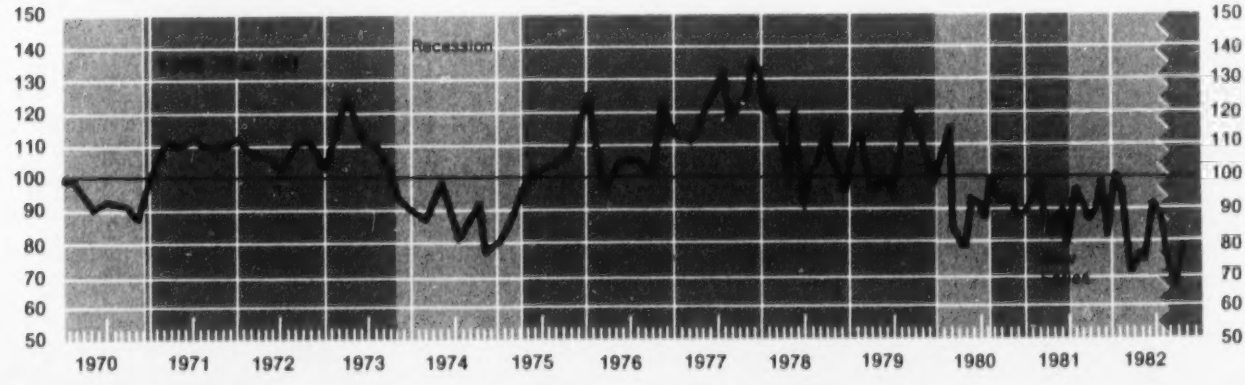
Consumers still express considerable concern with current conditions. Well over half of all respondents believe that business is "bad"; an even higher proportion complain that jobs are difficult to find. But in looking ahead to the next six months, consumers are markedly more hopeful than they have been in some time. More persons than last time expect business to improve, and there has also been an increase in those who expect jobs to become more available. Also, fewer persons than in the prior survey express concern that their incomes may decline. Plans to buy automobiles and homes both registered smart gains. However, both these measures are still at relatively modest levels.

It is still difficult to detect whatever gains there may have been in the economy that would account for the upturn in the consumers' spirits It may be that declining interest rates have now reached a level that makes the purchasing of homes and cars more feasible for an increasing number of consumers. This would certainly result in more confidence and contribute to an improvement in business. But we must wait for November's economic readings to make a fuller assessment.

The marked improvement in the consumers' expectations for the months ahead is heartening. In the past, such developments foreshadowed a strengthening in business some three to four months before the event. However, the gain in consumer expectations is still too modest and too recent to be convincing. But the recent readings are encouraging.

Fabian Linden

Buying Plans Index



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Consumer Confidence Index	61.6	59.4	62.1	58.1	53.3	54.0	58.3	57.1	61.6	53.7	54.4	49.7	54.7
Present Situation	41.1	34.4	32.1	30.0	25.5	21.0	23.5	19.1	20.9	18.2	13.4	13.6	13.5
Expectations	75.2	76.1	82.0	76.9	71.8	76.0	81.6	82.4	88.7	77.3	81.8	73.7	82.2
Buying Plans Index	89.8	99.2	81.3	100.9	94.8	70.3	74.9	73.9	92.0	89.0	75.3	66.7	79.4
Appraisal of Present Situation: Percent													
Business Conditions													
Good	14.2	13.0	12.4	12.0	9.9	9.7	10.6	9.4	10.7	8.8	6.7	6.7	7.4
Bad	35.2	39.5	41.1	45.6	47.3	53.6	47.6	50.2	49.7	50.6	55.2	55.3	54.7
Normal	50.6	47.5	46.5	42.4	42.8	36.7	41.8	40.4	39.6	40.6	38.1	38.0	37.9
Employment													
Jobs plentiful	10.8	8.9	8.4	8.7	7.7	6.0	5.8	4.4	4.6	4.4	3.3	3.5	2.8
Jobs not so plentiful	45.7	44.3	43.4	40.5	40.1	36.9	41.3	39.7	38.8	37.7	36.4	36.4	35.8
Jobs hard to get	43.5	46.8	48.2	50.8	52.2	57.1	52.9	55.9	56.6	57.9	60.3	60.1	61.4
Expectations for Six Months Hence: Percent													
Business Conditions													
Better	19.3	21.5	23.8	21.9	20.6	22.1	23.4	22.4	25.3	21.5	26.0	22.1	25.8
Worse	20.2	23.9	19.9	22.9	22.6	19.3	18.0	18.3	16.9	21.3	19.3	21.8	18.0
Same	60.5	54.6	56.3	55.2	56.8	58.6	58.6	59.3	57.8	57.2	54.7	56.1	56.2
Employment													
More jobs	13.9	16.7	17.7	16.5	15.9	16.7	18.1	19.6	21.0	17.1	20.8	18.2	21.4
Fewer jobs	29.6	31.4	28.1	30.9	33.3	28.3	26.8	25.1	24.6	29.5	27.6	29.9	27.0
Same	56.5	51.9	54.2	52.6	50.8	55.0	55.1	55.3	54.4	53.4	51.6	51.9	51.6
Income													
Increase	29.8	31.4	31.3	29.9	25.8	22.1	24.5	23.0	27.3	26.9	22.8	21.6	20.6
Decrease	9.5	10.3	10.3	9.8	12.1	12.3	11.0	11.0	9.8	10.6	12.5	13.6	12.7
Same	60.7	58.3	58.4	60.3	62.1	65.6	64.5	66.0	62.9	62.5	64.7	64.8	66.7
Plans to Buy Within Six Months: Percent													
Automobile													
Yes	6.9	7.3	6.4	7.8	7.4	5.0	5.8	6.1	7.2	6.6	5.7	4.9	6.0
New	3.7	3.7	3.4	3.9	3.8	2.5	2.7	3.2	3.6	3.7	3.0	2.8	3.2
Used	2.6	2.9	2.9	3.5	3.1	2.2	2.7	2.6	3.0	2.6	2.1	2.0	2.5
Uncertain	0.6	0.7	0.1	0.4	0.5	0.3	0.4	0.3	0.6	0.3	0.6	0.1	0.3
Home													
Yes	2.4	2.7	2.0	3.2	3.0	2.1	2.0	1.8	2.6	2.2	1.8	1.9	2.7
New	0.4	0.6	0.4	0.6	0.6	0.3	0.5	0.3	0.5	0.3	0.3	0.4	0.3
Lived in	1.3	1.2	1.1	2.0	1.5	1.4	1.1	1.0	1.2	1.2	0.9	0.9	1.7
Uncertain	0.7	0.9	0.5	0.6	0.9	0.4	0.4	0.5	0.9	0.7	0.6	0.6	0.7
Major appliances													
Total plans	27.1	32.7	26.1	28.9	27.6	22.7	23.9	22.9	27.3	29.9	23.8	20.4	20.9
Refrigerator	3.2	4.0	3.9	3.5	3.6	2.9	3.1	2.8	3.2	3.8	3.3	2.9	3.0
Washing machine	3.7	4.1	3.6	4.2	3.7	2.9	3.6	2.9	3.8	3.6	3.3	2.8	2.6
Black and white TV	1.2	1.4	1.2	1.4	1.3	1.0	0.8	0.8	0.8	1.0	0.9	0.9	0.9
Color TV	7.1	8.5	6.4	7.2	7.0	5.8	5.6	6.4	7.3	7.8	6.1	5.7	5.6
Vacuum cleaner	5.7	5.7	4.6	5.5	4.9	4.0	4.3	4.0	5.8	6.2	4.2	3.2	3.6
Range	2.3	3.0	2.2	2.3	2.3	2.1	2.2	2.1	1.9	2.7	2.1	1.8	2.0
Clothes dryer	2.8	3.6	2.7	3.4	3.3	2.6	2.9	2.6	3.2	3.0	2.6	2.1	2.1
Air conditioner	1.1	2.4	1.5	1.4	1.5	1.4	1.4	1.3	1.3	1.8	1.3	1.0	1.1
Carpet	8.3	9.3	7.3	7.1	6.8	6.0	6.1	6.3	8.0	9.2	7.5	6.4	6.6
Vacation Intended Within Six Months: Percent													
Vacation Intended		50.0		48.9		44.9		44.8		52.2		43.0	
Destination													
Home state		11.0		10.2		9.1		10.1		10.7		9.3	
Other states		34.7		34.1		32.4		30.7		36.9		29.8	
Foreign country		5.7		6.2		4.8		4.6		6.2		4.6	
Means of Travel													
Automobile		33.2		32.7		29.7		31.7		34.6		28.5	
Airplane		16.4		16.5		14.8		12.8		17.5		13.1	
Other		3.5		3.4		4.4		3.3		4.2		3.7	

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